

Kverneland Devizes Limited
Directors' report and financial statements
for the year ended 31 December 2011

Registered Number 2590619

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Kverneland Devizes Limited

Directors' report and financial statements for the year ended 31 December 2011

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Kverneland Devizes Limited

Directors and Advisors

Directors

J Bell

Secretary

J Raeburn

Auditors

PricewaterhouseCoopers LLP
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Solicitors

Neil Myerson Solicitors
The Cottages
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Registered Office

Walkers Lane
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St Helens
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WA9 4AF

Registered Number

2590619

Kverneland Devizes Limited

Director's report for the year ended 31 December 2011

The director presents his report and the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company continues to be the manufacture and sale of agricultural machinery and spare parts. The production functions are performed at a branch based at a group company facility in Denmark. The company is incorporated in the United Kingdom.

Review of business and future developments

The positive trend in results from the end of 2010 continued through 2011. Kverneland Group Devizes Ltd has continued its investments on products.

Results and dividends

The results for the company show a pre-tax profit of £323,646 (2010: £466,718) for the year and sales of £9,777,851 (2010: £7,468,519).

The company has net assets of £3,147,000 (2010: £3,095,000).

The directors do not propose a dividend for the year (2010: £Nil).

Key performance indicators ("KPIs")

As a wholly owned subsidiary of Kverneland ASA, the company's performance is best viewed in the context of the Kverneland Group which is addressed within the Group's annual report a copy of which is available upon request.

Research and development

In 2011 Kverneland Devizes completed the development of the self loading balechopper.

Director and his interests

The director who held office during the year was as follows:

J Bell

The director who held office at the end of the financial year did not have any notifiable interest in the shares of the company or any group company during the year.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. As with all businesses our performance is largely dependent upon the income and profitability of our customers, any significant deterioration in these factors would impact upon our own performance.

Kverneland Devizes Limited

Director's report for the year ended 31 December 2011 (continued)

Financial and other risks, and their management

The company manages all its risks in order to minimise any possible impact on the trading activities and the financial results of the business. See note 5 for further details

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

For each person who is a director at the time of approval of this report:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General meeting.

By order of the Board



J Raeburn
Secretary
24 May 2012

Kverneland Devizes Limited

Independent auditors' report to the members of Kverneland Devizes Limited

We have audited the financial statements of Kverneland Devizes Limited for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Kverneland Devizes Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Paul Christian (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
24 May 2012

Kverneland Devizes Limited

Statement of comprehensive income for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Revenue		9,778	7,469
Cost of sales		(8,491)	(6,189)
Gross profit		1,287	1,280
Distribution costs		(264)	(329)
Administrative expenses		(704)	(469)
Operating profit	1	319	481
Interest expense	4	(128)	(133)
Interest income	4	132	119
Profit on ordinary activities before taxation		323	467
Taxation	6	(183)	(142)
Profit for the year		140	325
Other comprehensive income – exchange (loss)		(88)	(90)
Total comprehensive income		52	235

Statement of changes in equity for the year ended 31 December 2011

	Share capital £'000	Translation reserve £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2010	5,300	418	(2,858)	2,860
Other comprehensive income - Exchange adjustment	-	(90)	-	(90)
Profit for the year	-	-	325	325
At 31 December 2010	5,300	328	(2,533)	3,095
At 1 January 2011	5,300	328	(2,533)	3,095
Other comprehensive income - Exchange adjustment	-	(88)	-	(88)
Profit for the year	-	-	140	140
At 31 December 2011	5,300	240	(2,393)	3,147

All results relate to continuing operations

Kverneland Devizes Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Assets			
Non-current assets			
Intangible assets	7(b)	80	265
Property, plant and equipment	7(a)	9	16
Deferred tax asset	6	140	184
		229	465
Current assets			
Inventories	8	422	418
Trade and other receivables	9	1,285	1,334
Cash		3,489	2,689
		5,196	4,441
Liabilities			
Current liabilities			
Trade and other payables	10	(1,655)	(1,078)
		(1,655)	(1,078)
Net current assets		3,541	3,363
Non-current liabilities			
Provisions	11	(623)	(733)
Net assets		3,147	3,095
Shareholders' equity			
Ordinary shares	12	5,300	5,300
Translation reserve		240	328
Profit and loss reserve		(2,393)	(2,533)
Total equity		3,147	3,095

The financial statements on pages 6 to 21 were approved by the board of directors on 24 May 2012 and were signed on its behalf by



J Bell
Director

Company Name Kverneland Devizes Limited
Registered Number 2590619

Kverneland Devizes Limited

Cash flow statement for the year ended 31 December 2011

	2011 £'000	2010 £'000
Cash flows from operating activities		
Net profit before taxation	323	467
Adjustments for		
Interest expense	128	134
Interest income	(132)	(119)
Depreciation and amortisation	264	77
Decrease/ (increase) in trade and other receivables	49	45
Decrease/ (increase) in inventories	(4)	331
(Decrease)/ increase in payables	577	(452)
(Decrease) / Increase in other provisions	10	(80)
Pension cost (less than) pension payments	(120)	(82)
Cash flow generated from operating activities	1,095	321
Interest paid	(128)	(133)
Interest received	132	119
Income taxation paid	(104)	(27)
Income taxation refund received	-	18
Net cash (used in) / generated from operating activities	995	298
Cash flows from investing activities		
Expenditure on intangible fixed assets	(61)	(121)
Expenditure on tangible fixed assets	(11)	(6)
Net cash used in investing activities	(72)	(127)
Effects of exchange rate changes	(123)	(177)
Net (decrease) / increase in cash	800	(6)
Cash at 1 January	2,689	2,695
Cash at 31 December	3,489	2,689

Kverneland Devizes Limited

Accounting policies

The principal accounting policies applied in the preparation of these financial statements according to IFRS are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Revenue

Revenue is the net invoiced sales value, excluding VAT and trade discounts. Revenue is recognised at the point of despatch of goods.

Interest revenue is recognised on a time proportion basis using the effective interest rate method.

Tangible assets

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives as follows:

Plant and machinery over periods ranging from 4 to 10 years.

Tangible assets are written down to fair value whenever there is a permanent reduction in value. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Development costs are capitalised when the directors are confident that a project is technically feasible and will result in an inflow of future economic benefits to the company.

Salary and material costs which are directly attributable to such projects are capitalised and amortised over a period of 5 years from the date that production commences.

Inventory

Raw materials are valued at the lower of acquisition cost calculated in accordance with the weighted average cost method, and net realisable value. Work in progress and finished goods are included at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and an appropriate amount of works overhead expenses related to the state of manufacture of the goods concerned.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and amounts held on deposit with Kverneland ASA at the balance sheet date as part of Kverneland Group treasury arrangements. The company recognises cash as being the net amount processed by the bank. Uncleared banking items are reported in short-term debtors and creditors. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Kverneland Devizes Limited

Accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The company operates a defined benefit pension scheme funded through payments to trustee-administered funds, determined by periodic actuarial calculations. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are not recognised on the company's balance sheet unless the net cumulative unrecognised actuarial gains and losses at the end of the start of the financial year exceed the greater of either 10% of the value of plan assets or 10% of the defined benefit obligation at that date. Where they exceed this level, they are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Kverneland Devizes Limited

Accounting policies (continued)

Employee benefits (continued)

The net pension cost for the period is included in salaries, wages and other personnel expenses and consists of current year pension earnings, interest expenses on calculated pension liabilities, expected return on pension funds, booked effect of changes in estimates and pension schemes, and social security

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is Danish Kroner (DKK). The financial statements are presented in sterling, which is the Company's presentation currency, for the use of the directors as sterling is the functional currency for all the other companies within the UK Group. Assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated into sterling using monthly exchange rates. Translation differences have been charged directly to equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tax

The company has tax losses carried forward, and recognition of a deferred tax asset is assessed on the basis of possible future utilization of these tax losses. The assessment is made by calculation of estimated future earnings.

Inventories

The company performs a continuous assessment of obsolescence and any change in obsolescence is charged to the profit and loss account.

Trade receivables

Trade receivables are recognised initially at fair value. Any provision for bad debt is deducted by assessment at later stages. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The provision amounts to the residual between the face value and the estimated recoverable amount.

Warranty provision

Warranty claims are provided for based on expected level of claims in relation to machines sold prior to the balance sheet date, taking into account any extended warranty terms that may be offered on individual products and previous claim history.

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011

1 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging		
Employee costs (note 3)	1,226	1,056
Cost of inventories recognised as an expense	7,197	5,261
Depreciation – owned assets	18	13
Amortisation	246	64
Research and development		177
Auditors' remuneration		
- Fees payable for the audit	9	9
- Fees payable for other services – tax compliance	-	-

2 Directors and key management

The director did not receive any remuneration in respect of his services to the company in respect of the current or the previous year. The remuneration he receives in that role is borne by another group company.

Retirement benefits are accruing to one director (2010: one) under a defined contribution scheme. There are no other key management employed by the company other than the director.

Kverneland Devides Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

3 Employee costs

	2011 £'000	2010 £'000
Wages and salaries	1,140	942
Social security costs	4	4
Other pension	82	110
Staff costs	1,226	1,056

The average weekly number of employees during the year was:

	2011 Number	2010 Number
Staff	4	4
Operatives	17	13
	21	17

4 Finance costs - net

	2011 £'000	2010 £'000
Interest payable on bank overdraft	(128)	(133)
Interest income on bank deposit	132	119
Finance costs – net	4	(14)

5 Financial instruments and risk management

Financial risk consists of market risk, credit risk, liquidity risk and interest rate risk

Market risk

The company is exposed to foreign exchange risk primarily in respect of the Euro and Danish Krone. The company does not perform hedging and currency risk is managed by the Kverneland ASA for their entire group. The net exposure against each currency is calculated based on expected future cash inflow and outflow for the next 12 months. The consolidated exposure for each currency is hedged externally by forward exchange contracts in the exchange market.

Credit risk

Credit risk in the company is mainly related to accounts receivable. Most sales are made to other companies within the Kverneland ASA group. The level of credit risk in the company is considered to be low.

Liquidity risk

The company has sufficient cash holdings to cover its liquidity needs. Additional cash is also available to the company if needed from the Kverneland ASA group's cash pool.

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Financial instruments and risk management (continued)

Interest risk

The company is exposed to interest risk through the bank overdraft. The company seeks to limit this risk by entering into agreements with banks holding a good reputation. The primary reference rate is EURIBOR. The company has not applied any financial instruments in the management of interest risk in 2011.

6 Taxation

Analysis of charge/(credit) in year

	2011 £'000	2010 £'000
<i>Current tax</i>		
Current year	-	10
Overseas tax	139	103
	139	113
<i>Deferred tax</i>		
Deferred tax	30	(13)
Change in tax rates	14	42
	44	29
Taxation	183	142

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	323	467
Profit on ordinary activities multiplied by standard rate of 26.5% (2010: 28%)	86	131
Effects of		
Overseas tax at an additional 25%	139	103
Timing differences for which no deferred tax asset was recognised	(56)	(134)
Change in tax rate	14	42
Total taxation	183	142

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Taxation (continued)

	2011 £'000	2010 £'000
Recognised deferred tax asset comprises:		
Pensions	140	184
Net deferred tax asset	140	184
Movement in the deferred tax asset recognised relates to		
At 1 January 2011	184	214
Movement in the profit and loss account	(44)	(30)
At 31 December 2011	140	184
Unrecognised deferred tax assets comprise		
Tax losses carry forward	775	801
Accelerated capital allowances	29	22
Net deferred tax assets	804	823

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax asset at 31 December 2011 has been re-measured accordingly. Further reductions to the UK corporation tax rate were announced in the 2011 budget on 23 March 2011, which propose to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not yet been substantively enacted at the balance sheet date and there are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7(a) Property, plant and equipment

	Plant and machinery
	£'000
Cost	
At 1 January 2011	98
Additions	11
Disposals	-
At 31 December 2011	109
Depreciation	
At 1 January 2011	82
Provided during the year	18
Disposals	-
At 31 December 2011	100
Net book value	
At 31 December 2011	9
At 31 December 2010	16

7(b) Intangible Assets

	Research & Development
	£'000
Cost	
At 1 January 2011	378
Additions	61
Disposals	-
At 31 December 2011	439
Amortisation	
At 1 January 2011	113
Charge for year	246
Disposals	-
At 31 December 2011	359
Net book value	
At 31 December 2011	80
At 31 December 2010	265

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8 Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	4	91
Work in progress	270	205
Finished goods and goods for resale	148	122
	422	418

9 Trade and other receivables - current

	2011 £'000	2010 £'000
Amounts falling due within one year		
Trade debtors	14	6
Less provision	-	-
Trade debtors - net	14	6
Fellow subsidiary undertakings - Trade (Note 13)	1,213	1,102
Other debtors	58	16
Prepayments and accrued income	-	210
	1,285	1,334

10 Trade and other payables - current

	2011 £'000	2010 £'000
Trade payables	966	505
Fellow subsidiary undertakings - Trade (Note 13)	404	444
Corporation tax	151	113
Other creditors and accruals	134	16
	1,655	1,078

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Provisions

	Pension provision	Warranty provision	Total
	£'000	£'000	£'000
At 1 January 2011	681	52	733
(Released)/provided during the year	68	10	78
Utilised during the year	(188)	-	(188)
At 31 December 2011	561	62	623

Warranty provision

The provision represents warranties that may be claimed in relation to sales made on or before 31 December 2011. This provision is expected to give rise to cash outflows over the next 1 to 3 years

Pension provision

The company has a pension scheme that entitles its members to defined future benefits (defined benefits plan) These benefits are primarily dependent upon the number of years of employment and the salary level at the time of retirement

Economic assumptions (%)	2011	2010
Discount rate	4.7	5.4
Inflation (2010 RPI used/2011 CPI used)	2.3	3.6
Expected annual increase of pension payments	3.0	3.5
Expected return on plan assets	5.9	6.2
Expected rate of increase in salaries	3.0	5.6

Net Pension cost	2011	2010
	£'000	£'000
Current service cost	14	13
Interest cost on pension obligations	394	403
Return on pension funds	(355)	(347)
Amortisation of actuarial gains	15	27
Net pension cost	68	96

Reconciliation of financial status	2011	2010	2009	2008
	£'000	£'000	£'000	£'000
Present value of funded obligations	7,473	7,432	7,272	5,423
Fair value of plan assets	(5,630)	(5,780)	(5,376)	(4,441)
Net liability	1,843	1,652	1,896	982
Unrecognised actuarial gains/(losses)	(1,282)	(971)	1,133	98
Net Liability in the balance sheet	561	681	763	884

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Provisions for liabilities and charges (continued)

Pension provision (continued)

The analysis of the plan assets is as follows

	2011 £'000	2010 £'000
Equities	4,223	4,335
Property	-	867
Bonds	1,407	578
Cash	-	-
	5,630	5,780

The movement in the present value of the defined benefit obligation over the year is as follows:

	2011 £'000	2010 £'000
Beginning of the year	7,432	7,272
Current service cost	14	13
Interest cost	394	403
Member contributions	7	7
Benefits paid	(287)	(413)
Actuarial (gains) / losses	(87)	150
End of the year	7,473	7,432

The movement in the fair value of plan assets over the year is as follows:

	2011 £'000	2010 £'000
Beginning of the year	5,780	5,376
Expected return on assets	355	347
Employer contributions	188	178
Member contributions	7	7
Benefits paid	(287)	(413)
Actuarial gains / (losses)	(413)	285
End of the year	5,630	5,780

The movement in the net liability over the year is as follows:

	2011 £'000	2010 £'000
Beginning of the year	681	763
Total expense in the income statement	68	96
Contributions paid	(188)	(178)
End of the year	561	681

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11 Provisions for liabilities and charges (continued)

Pension provision (continued)

Actual return on plan assets	2011 £'000	2010 £'000
Expected return on plan assets	355	347
Actuarial (loss) / gain on plan assets	(413)	285
Actual return on plan assets	(58)	632
	2011 £'000	2010 £'000
Actuarial gain / (losses) on plan liabilities	87	(150)

Defined contribution pension plan

The company has a pension scheme where the employer is contributing a fixed amount which is managed separately (defined contribution plan)

	2011 £'000	2010 £'000
Pension cost – contribution plan	14	15

12 Called up share capital

	2011 £'000	2010 £'000
Authorised		
5,300,000 ordinary shares of £1 each	5,300	5,300
Allotted, called up and fully paid		
5,300,000 ordinary shares of £1 each	5,300	5,300

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

13 Related party transactions

The following transactions were carried out with fellow Kverneland ASA subsidiaries during the year

	Sales £'000	Purchases £'000
Kverneland Group (UK) Limited	2,070	62
Kverneland (Ireland) Limited	161	-
Kverneland Group France	2,465	-
Kverneland Group Kerteminde	-	2,247
Kverneland Group Italy	182	-
Other fellow subsidiaries	2,304	-
	7,182	2,309

Year-end balances arising from sales and purchases of goods and services are as follows

	Receivable £'000	Payable £'000
Kverneland Group (UK) Limited	204	13
Kverneland (Ireland) Limited	88	-
Kverneland Group Metz	14	-
Kverneland Group Kerteminde	-	210
Kverneland Group France	556	3
Other fellow subsidiaries	351	178
	1,213	404

14 Events subsequent to the balance sheet date

On 1 March 2012 Kubota Corporation, a company incorporated in Japan, announced its plan to settle its public offer for all shares in Kverneland ASA to acquire Kverneland through an acquisition vehicle, Kubota Norway Holdings AS

On 13 March 2012 Kubota Corporation completed the settlement of the offer. Following the completion of settlement, Kubota Norway Holdings AS owns 78.95% of Kverneland ASA's outstanding shares and Kverneland became consolidated subsidiary of Kubota Corporation

15 Ultimate parent undertaking and controlling party

The directors consider Kverneland ASA, a company registered in Norway, as the ultimate holding company and controlling party

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared is Kverneland ASA, incorporated in Norway. Copies of these group financial statements may be obtained from Kverneland ASA, N-4344, Kverneland, Norway.